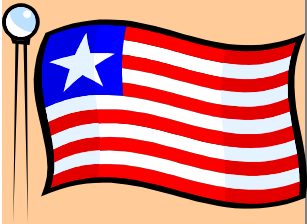


September 2001



North Dakota REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
600 E. Blvd. Ave. , Dept 110 - Bismarck, ND 58505-0400**

Our thoughts and prayers go out to the victims and their families as a result of the terrorist action on September 11.

Economic indicators show that the immediate impact on our economy has been to slow it down. Economy.com expects more than one percentage point will be shaved from this quarter's gross domestic product (GDP) growth. GDP had been expected to expand by an annualized rate of 0.8 percent in the third quarter and is now expected to decline by 0.3 percent. This will be the first decline in the nation's GDP since the first quarter of 1993. Additionally, GDP growth is expected to decline by 0.6 percent in the fourth quarter.

The economic repercussions will be mitigated in part by the massive amount of economic aid that will be provided to the economic victims of the attack. Despite the fiscal and monetary aid provided in the wake of the attack, financial markets and consumer confidence are falling. Economy.com believes all of the aid may not be sufficient to forestall a full-blown recession.

Economy.com's revised forecasts for the coming year indicate that the economic outlook has been dampened more in the west and the mid-west than anywhere else. The west is hardest hit because it relies so heavily on air transportation while the mid-west will be hit by the weakened condition of its insurance industry and will likely see layoffs in the airline hubs of Chicago and Minneapolis.

What does this mean for North Dakota? Typically, North Dakota's economy is not tied as much to the na-

tional economy as other states, which results in our economy not experiencing the extreme highs and lows that other state economies experience. Because of our dependence on agriculture, North Dakota is affected a great deal by the global economy. However, the global economy has been significantly threatened as well by the terrorist attacks. It is really too early to tell what the effects will be on North Dakota's economy. Because of falling consumer confidence, we may see a decrease in sales tax and motor vehicle excise tax collections. We won't know what the immediate effect on general fund revenues from consumer sales will be until November at the earliest.

Because of the national and global economic uncertainties, we have arranged with Economy.com for a review revenue forecast in December. We will be working closely with them to monitor the economic conditions and hope to have information to share with you regarding North Dakota's economy and the general fund revenue forecast by December or January.

Comments or Questions???
Call Rod Backman, Director
Pam Sharp, Deputy Director
Phone: 701-328-4904
Fax : 701-328-3230
E-mail : sfrankli@state.nd.us

Visit the North Dakota web site at
www.discovernd.com

God Bless America!!

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to March 2001 Legislative Forecast
2001-03 BIENNIUM
AUGUST 2001

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	2001 Legislative Forecast	Actual	Variance	Percent	2001 Legislative Forecast	Actual	Variance	Percent
Sales Tax	30,602,000.00	\$ 30,044,924.53	\$ (557,075.47)	-1.8%	\$ 49,488,000.00	\$ 53,161,755.51	\$ 3,673,755.51	7.4%
Motor Vehicle Excise Tax	5,096,000.00	5,219,018.57	123,018.57	2.4%	9,601,000.00	9,979,853.06	378,853.06	3.9%
Individual Income Tax	15,914,000.00	14,695,400.64	(1,218,599.36)	-7.7%	34,938,000.00	32,765,964.11	(2,172,035.89)	-6.2%
Corporate Income Tax		54,306.80	54,306.80	100.0%		79,509.42	79,509.42	100.0%
Insurance Premium Tax	1,036,000.00	1,531,975.55	495,975.55	100.0%	1,036,000.00	1,531,475.55	495,475.55	100.0%
Financial Insitutions Tax		110,149.00	110,149.00	100.0%		126,771.00	126,771.00	100.0%
Oil & Gas Production Tax	1,938,000.00	1,156,970.20	(781,029.80)	-40.3%	3,838,000.00	3,959,718.65	121,718.65	3.2%
Gaming Tax	1,500,000.00	2,289,961.28	789,961.28	52.7%	2,378,000.00	2,626,031.18	248,031.18	10.4%
Interest Income	724,000.00	630,004.94	(93,995.06)	-13.0%	1,048,000.00	847,565.47	(200,434.53)	-19.1%
Oil Extraction Tax**	1,179,000.00	958,340.86	(220,659.14)	-18.7%	2,335,000.00	2,075,568.71	(259,431.29)	-11.1%
Cigarette & Tobacco Tax	1,791,000.00	1,896,866.92	105,866.92	5.9%	3,639,000.00	3,687,527.81	48,527.81	1.3%
Departmental Collections	1,000,000.00	1,289,410.66	289,410.66	28.9%	8,325,000.00	8,630,638.69	305,638.69	3.7%
Wholesale Liquor Tax	468,641.00	431,898.61	(36,742.39)	-7.8%	973,753.00	959,443.53	(14,309.47)	-1.5%
Coal Conversion Tax	2,085,000.00	2,006,563.65	(78,436.35)	-3.8%	4,120,000.00	3,732,170.96	(387,829.04)	-9.4%
Mineral Leasing Fees	400,000.00	390,333.77	(9,666.23)	-2.4%	800,000.00	765,141.71	(34,858.29)	-4.4%
Bank of North Dakota-Transfer								
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer			-	0.0%	170,424.00	170,424.00		0.0%
Other Transfers		62,337.97	62,337.97	100.0%		62,337.97	62,337.97	100.0%
Total Revenues and Transfers	63,733,641.00	62,768,463.95	(965,177.05)	-1.5%	122,690,177.00	125,161,897.33	2,471,720.33	2.0%

COMPARISON TO PREVIOUS BIENNIUM REVENUES
1999-01 BIENNIUM
AUGUST 2001

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	August 1999	August 2001	Variance	Percent	2001	2003	Variance	Percent
Sales Tax	\$ 32,936,090.92	\$ 30,044,924.53	\$ (2,891,166.39)	-8.8%	\$ 50,283,237.28	\$ 53,161,755.51	\$ 2,878,518.23	5.7%
Motor Vehicle Excise Tax	5,157,709.01	5,219,018.57	61,309.56	1.2%	9,369,000.99	9,979,853.06	610,852.07	6.5%
Individual Income Tax	16,215,726.48	14,695,400.64	(1,520,325.84)	-9.4%	31,473,337.82	32,765,964.11	1,292,626.29	4.1%
Corporate Income Tax	1,632,998.72	54,306.80	(1,578,691.92)	-96.7%	3,603,313.11	79,509.42	(3,523,803.69)	-97.8%
Insurance Premium Tax	1,408,885.28	1,531,975.55	123,090.27	8.7%	1,603,163.08	1,531,475.55	(71,687.53)	-4.5%
Financial Insitutions Tax	4,779.00	110,149.00	105,370.00	2204.9%	5,414.00	126,771.00	121,357.00	2241.5%
Oil & Gas Production Tax	1,086,769.33	1,156,970.20	70,200.87	6.5%	2,340,003.41	3,959,718.65	1,619,715.24	69.2%
Gaming Tax	1,419,633.07	2,289,961.28	870,328.21	61.3%	2,449,615.07	2,626,031.18	176,416.11	7.2%
Interest Income	758,477.67	630,004.94	(128,472.73)	-16.9%	935,049.49	847,565.47	(87,484.02)	-9.4%
Oil Extraction Tax	926,787.51	958,340.86	31,553.35	3.4%	1,386,819.49	2,075,568.71	688,749.22	49.7%
Cigarette & Tobacco Tax	1,904,850.85	1,896,866.92	(7,983.93)	-0.4%	4,014,384.97	3,687,527.81	(326,857.16)	-8.1%
Departmental Collections	987,938.06	1,289,410.66	301,472.60	30.5%	1,906,987.46	8,630,638.69	6,723,651.23	352.6%
Wholesale Liquor Tax	453,379.73	431,898.61	(21,481.12)	-4.7%	456,329.00	959,443.53	503,114.53	110.3%
Coal Severance Tax	921,253.89		1,085,309.76	117.8%	1,878,286.52		(1,878,286.52)	-100.0%
Coal Conversion Tax	922,394.47	2,006,563.65	(532,060.70)	-57.7%	1,856,467.99	3,732,170.96	1,875,702.97	101.0%
Mineral Leasing Fees	289,474.41	390,333.77	(289,474.41)	-100.0%	490,045.73	765,141.71	275,095.98	56.1%
Bank of North Dakota-Transfer							-	
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					172,576.00	170,424.00	(110,238.03)	-63.9%
Other Transfers	30,073.17	62,337.97	(32,264.80)	-107.3%	30,373.17	62,337.97	(31,964.80)	-105.2%
Total Revenues and Transfers	67,057,221.57	62,768,463.95	(4,288,757.62)	-6.4%	114,254,404.58	125,161,897.33	10,907,492.75	9.5%

Revenue Variances

Sales tax collections fell below forecast in August by \$557,075 or 1.8 percent. Because July collections were quite strong, the biennium-to-date variance is a positive \$3.7 million or 7.4 percent.

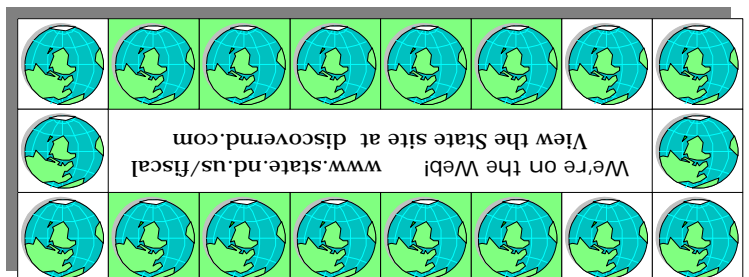
Individual income tax collections fell below forecast by \$1.2 million or 7.7 percent, a result of the timing of collections. After the first two months of the biennium, the biennium-to-date collections are \$2.2 million or 6.2 percent behind forecast.

In August, as in July, we are showing only minimal corporate income tax collections. Because of the large corporate income tax refunds expected next quarter, collections for the first three months of the fiscal year are being deposited into the refund reserve account. Corporate income tax collections in August were \$1,454,307, of which \$1.4 million was placed in the refund reserve account and the remaining \$54,307 is reported as revenue.

Oil and gas production tax collections taxes fell below the monthly forecast by \$781,030 and collections for oil extraction taxes fell below projections by \$220,659. The shortages are the result of lower than projected oil productions.

Oil Activity

North Dakota currently has 18 rigs drilling compared to 22 one year ago. July oil production averaged 86,105 barrels per day, up slightly from June's average production of 85,560 barrels per day. The current price of oil is \$22.50 per barrel.



Office of Management and Budget
600 East Blvd. Ave., Dept 110
Bismarck, ND 58505-0400
ADDRESS SERVICE REQUESTED

